

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DEGEN TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE (OCA/USPS-T12-56-60)

The United States Postal Service hereby provides responses of witness Degen to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T12-56-60, filed on September 11, 1997. Interrogatories OCA/USPS-T12-61-62 were redirected to witness Alexandrovich.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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September 25, 1997

**Response of United States Postal Service Witness Degen
to Interrogatories of the Office of the Consumer Advocate**

OCA/USPS-T12-56. Please refer to Attachment 1 to your response to NAA/USPS-T12-2. Please provide a breakout of Attachment 1 separately for the larger and smaller MODS and non-MODS offices, where "larger" and "smaller" are defined as in the response to OCA/USPS-T12-31d.

OCA/USPS-T12-56 Response.

The response to OCA/USPS-T12-31d listed two possible splits between "larger" and "smaller" offices. Attachment 1 to this response provides the requested breakdown defining "larger" as CAG A-C, while attachment 2 defines "larger" as CAG A-E. In the latter case, all MODS tallies fall into the "large" category.

FY96 IOCS Unweighted Tally Counts by Cost Pool and Handling Category

Cost Pool	Direct (1)			Mixed Items			Mixed Containers			Identified Containers			Not-Identified Containers			Not-Handling			Total			Grand Total		
	CA G	A-C	D-J	CA G	A-C	D-J	CA G	A-C	D-J	CA G	A-C	D-J	CA G	A-C	D-J	CA G	A-C	D-J	CA G	A-C	D-J	CA G	A-C	D-J
mail	13,350		0	327		0	252		0	271		0	6,465		4	20,665		4	13,350		0	20,665		4
manp	4,620		1	137		0	242		0	224		0	2,671		0	7,894		0	4,620		1	7,894		0
incompac	88		0	27		0	13		0	16		0	85		0	229		0	88		0	229		0
spts Oth	1,148		0	125		0	153		0	177		0	1,250		0	2,853		0	1,148		0	2,853		0
sptsPrio	478		0	38		0	84		0	627		0	1,279		0	1,279		0	478		0	1,279		0
ismv	6,666		0	212		0	96		0	2,507		0	8,578		0	8,578		0	6,666		0	8,578		0
ismv	6,026		0	301		0	228		0	3,223		0	10,053		0	10,053		0	6,026		0	10,053		0
ocr/	2,048		0	135		0	104		0	1,256		0	3,648		1	3,648		1	2,048		0	3,648		1
bcs/	5,968		0	447		0	366		0	3,854		0	10,965		0	10,965		0	5,968		0	10,965		0
LD41	166		0	9		0	12		0	238		0	430		0	430		0	166		0	430		0
LD42	71		0	3		0	5		0	64		0	144		0	144		0	71		0	144		0
priority	1,515		0	185		0	181		0	1,557		0	3,586		0	3,586		0	1,515		0	3,586		0
express	611		0	94		0	50		0	1,223		0	2,004		0	2,004		0	611		0	2,004		0
Registry	961		0	161		0	93		0	1,566		0	2,853		0	2,853		0	961		0	2,853		0
LD15	103		0	3		0	9		0	77		0	202		0	202		0	103		0	202		0
BusRepdy	242		0	5		0	11		0	210		0	476		0	476		0	242		0	476		0
REWRAP	76		0	7		0	3		0	150		0	243		0	243		0	76		0	243		0
MAILGRAM	2		0	0		0	0		0	6		0	8		0	8		0	2		0	8		0
LD48 Exp	17		0	3		0	1		0	55		0	76		0	76		0	17		0	76		0
LD48_Adm	346		0	10		1	18		0	2,290		0	2,687		22	2,687		22	346		0	2,687		22
LD48_SSV	546		3	9		0	15		0	1,104		0	1,693		8	1,693		8	546		3	1,693		8
LD48_Oth	549		1	29		0	54		0	1,422		0	2,104		1	2,104		1	549		1	2,104		1
LD49	2,372		8	53		3	40		0	1,864		0	4,386		14	4,386		14	2,372		8	4,386		25
LD79	342		0	28		0	23		0	1,969		0	2,390		8	2,390		8	342		0	2,390		8
LD44	1,369		0	28		0	19		0	898		0	2,339		1	2,339		1	1,369		0	2,339		1
LD43	4,536		0	198		0	376		0	4,586		0	10,067		1	10,067		1	4,536		0	10,067		1
1Platform	1,575		0	567		0	2,306		0	9,692		0	15,526		0	15,526		0	1,575		0	15,526		0
1OPref	3,618		0	513		0	912		0	5,365		0	11,249		0	11,249		0	3,618		0	11,249		0
1OPbulk	1,409		0	188		0	305		0	2,067		0	4,300		0	4,300		0	1,409		0	4,300		0
1POUCHNG	2,093		0	437		0	713		0	3,564		0	7,293		0	7,293		0	2,093		0	7,293		0
1sacks_h	571		0	137		0	349		0	1,616		0	2,878		0	2,878		0	571		0	2,878		0
1sacks_m	164		0	77		0	49		0	476		0	825		0	825		0	164		0	825		0
1Bulk pr	72		0	19		0	16		0	131		0	252		0	252		0	72		0	252		0
1CanvMPP	2,375		1	96		0	295		0	2,004		0	5,009		0	5,009		0	2,375		1	5,009		1
1SCAN	306		0	261		0	151		0	1,017		0	1,827		0	1,827		0	306		0	1,827		0
1EeqMT	15		0	125		0	28		0	424		0	677		0	677		0	15		0	677		0

FY96 IOCS Unweighted Tally Counts by Cost Pool and Handling Category

Cost Pool	Direct (1) CAG A-C CAG D-J	Mixed Items CAG A-C CAG D-J	Identified Containers CAG A-C CAG D-J	Mixed Containers CAG A-C CAG D-J	Not-Identified Containers CAG A-C CAG D-J	Not-Handling CAG A-C CAG D-J	Total CAG A-C CAG D-J	Grand Total
ISUPPORT	145	8	21	18	2,789	2,981	2,981	2,981
1MISC	215	28	66	60	1,461	1,830	1,830	1,830
INTL	3,587	388	337	181	3,803	8,296	8,297	8,297
BMC SSM	314	55	13	5	152	539	539	539
BMC Other	1579	311	442	489	1289	4,110	4,110	4,110
BMC PSM	1130	9	21	9	249	1,418	1,418	1,418
BMC SPB	640	135	50	68	283	1,176	1,176	1,176
BMC NMO	214	15	32	55	151	467	467	467
BMC Platform	696	179	356	299	1472	3,002	3,002	3,002
BMC Z Breaks	0	0	0	0	2565	2,555	2,555	2,555
Non-MODS	5,587	189	329	395	3,803	10,303	10,255	20,558
Total	80,958	6,694	9,312	7,801	86,136	190,536	10,334	200,870

Notes.

[1] Includes top piece rule items; items and containers with identical mail; counted mixed-mail items

FY96 IOCS Unweighted Tally Counts by Cost Pool and Handling Category

Cost Pool	Direct (1)	Mixed Items	Identified Containers	Mixed Containers	Not-Identified Containers	Not-Handling	Total	Grand Total
	CAG A-E CAG F-J	CAG A-E CAG F-J	CAG A-E CAG F-J	CAG A-E CAG F-J	CAG A-E CAG F-J	CAG A-E CAG F-J	CAG A-E CAG F-J	CAG A-E CAG F-J
man/	13,350	327	252	271	6,469	20,669	20,669	20,669
mant	4,621	137	242	224	2,671	7,895	7,895	7,895
mamp	432	27	70	80	553	1,162	1,162	1,162
meqparc	88	27	13	16	85	229	229	229
spbs Oth	1,148	125	153	177	1,250	2,853	2,853	2,853
spbsPro	478	38	84	52	627	1,279	1,279	1,279
ismv	6,666	212	95	98	2,507	9,578	9,578	9,578
form/	6,026	301	228	275	3,223	10,053	10,053	10,053
ocr/	2,048	135	104	105	1,257	3,649	3,649	3,649
bcs/	5,968	447	366	330	3,854	10,965	10,965	10,965
LD41	166	9	12	5	238	430	430	430
LD42	71	3	5	1	64	144	144	144
priority	1,515	185	181	148	1,557	3,586	3,586	3,586
express	611	94	50	26	1,223	2,004	2,004	2,004
Registry	961	161	93	72	1,566	2,853	2,853	2,853
LD15	103	3	9	10	77	202	202	202
BusReply	242	5	11	8	210	476	476	476
REWRAP	76	7	7	3	150	243	243	243
MAILGRAM	2	0	0	0	6	8	8	8
LD48 Exp	17	3	1	0	55	76	76	76
LD48 Adm	346	11	18	23	2,312	2,710	2,710	2,710
LD48_SSV	549	9	15	19	1,112	1,704	1,704	1,704
LD48 Oth	550	29	54	50	1,423	2,106	2,106	2,106
LD49	2,380	56	40	57	1,878	4,411	4,411	4,411
LD79	342	28	23	28	1,877	2,399	2,399	2,399
LD44	1,369	29	19	24	899	2,340	2,340	2,340
LD43	4,536	198	376	371	4,587	10,068	10,068	10,068
1Platform	1,575	557	2,306	1,398	9,692	15,526	15,526	15,526
1OPref	3,618	513	912	841	5,365	11,249	11,249	11,249
1OPbulk	1,409	188	305	331	2,067	4,300	4,300	4,300
1POUCHNG	2,093	437	713	486	3,564	7,293	7,293	7,293
1Sacks_h	571	137	349	205	1,616	2,878	2,878	2,878
1Sacks_m	164	77	49	59	476	825	825	825
1Bulk pr	72	19	16	14	131	252	252	252
1CanMPP	2,376	96	295	239	2,004	5,010	5,010	5,010
1SCAN	305	261	151	93	1,017	1,827	1,827	1,827

FY96 IOCS Unweighed Tally Counts by Cost Pool and Handling Category

Cost Pool	Direct (1) CAG A-E CAG F-J	Mixed Items CAG A-E CAG F-J	Identified Containers CAG A-E CAG F-J	Mixed Containers CAG A-E CAG F-J	Not-Identified Containers CAG A-E CAG F-J	Not-Handling CAG A-E CAG F-J	Total CAG A-E CAG F-J	Grand Total
TEEQMT	15	125	28	85	424	0	677	677
ISUPPORT	145	8	21	18	2,789	0	2,981	2,981
1MISC	215	28	66	60	1,481	0	1,830	1,830
INTL	3,587	388	337	181	3,804	0	8,297	8,297
BMC SSM	314	55	13	5	152	0	539	539
BMC Other	1579	311	442	489	1289	0	4,110	4,110
BMC PSM	1130	9	21	9	249	0	1,418	1,418
BMC SPB	640	135	50	68	283	0	1,176	1,176
BMC NMO	214	15	32	55	151	0	467	467
BMC Platform	696	179	356	299	1472	0	3,002	3,002
BMC 2 Breaks	0	0	0	0	2555	0	2,555	2,555
Non-MODS	9,854	333	593	661	5,723	737	17,164	20,558
Total	85,239	6,477	9,576	8,067	88,117	737	197,476	200,870

Notes:

[1] Includes top piece items; items and containers with identical mail; counted mixed-mail items

**Response of United States Postal Service Witness Degen
to Interrogatories of the Office of the Consumer Advocate**

OCA/USPS-T12-57. Please refer to Attachments 3,5 and 8 to your response to OCA/USPS-T12-1. These contain tables showing compensation of clerks and mailhandlers by office group, craft and CAG, MODS and non-MODS offices. Attachment 3 contains information for all offices, Attachment 5 contains information for offices not in the IOCS sample, and Attachment 8 contains information for offices included in the IOCS sample.

- a. Please explain why Attachment 3 contains compensation data for CAG H/J Non-MODS offices, but this data is not available for Attachments 5 and 8.
- b. Please explain why the column titled "CAG H/J" is not separated into two columns, one for CAG H and one for CAG J.

OCA/USPS-T12-57 Response.

- a. The compensation total for CAG H/J offices in Attachment 3 to my response to OCA/USPS-T12-1 is not available disaggregated by finance number. Therefore it is not possible to break the data out by IOCS sample inclusion.
- b. CAGs H and J were combined in the attachments to my response to OCA/USPS-T12-1 because they are combined in the tally cost weighting system (see LR-H-21).

**Response of United States Postal Service Witness Degen
to Interrogatories of the Office of the Consumer Advocate**

**OCA/USPS-T12-58. Please refer to Attachment 4 to OCA/USPS-T12-1.
Please explain why some of the CAG A and B facilities not included in IOCS
are shown to have an average complement of zero clerks and mailhandlers.**

OCA/USPS-T12-58 Response.

**Attachment 4 was generated by looking up the finance numbers for the
listed facilities against the NORPES data used elsewhere in the response to
OCA/USPS-T12-1. For the nine finance numbers referred to in the question,
there was no match from the lookup procedure, and this was reported as a
zero complement. I believe this represents a limitation of the analysis
resulting from the need to employ information from multiple data systems.**

**Response of United States Postal Service Witness Degen
to Interrogatories of the Office of the Consumer Advocate**

OCA/USPS-T12-59. Please refer to your response to OCA/USPS-T12-3b. This response stated that a correction to a variability figure could be incorporated into your Table 6 by applying the ratio of the new variability to the old variability to all entries in a column. Please consider the implications to all other programs and outputs of library reference H-146.

- a. Please confirm that in order to update all relevant portions of H-146 to correspond to corrections to variabilities listed in your Table 4, only the following programs may need to be modified: MOD4DIST, NONMOD4, BMC4, PREMITOT, PIGGYF96, and NONMODEL. If you do not confirm, please list all programs that would need to be modified.
- b. Please refer to Attachment 1 to this interrogatory. Please confirm that Attachment 1 displays all lines of SAS code that would require modification in order to implement corrections or modifications to the variabilities listed in your Table 4. If you do not confirm, please provide a corrected list of affected program lines.
- c. Please list (by page number of H-146) all outputs of the H-146 SAS programs that would be expected to change if a modified set of variability estimates were used, instead of the set contained in your Table 4.
- d. Please provide a list of all outputs generated by H-146 that serve as inputs to Postal Service witness Alexandrovich's testimony. Please indicate which items on this list would be affected by a correction or modification to the variability estimates contained in your Table 4.
- e. Are there other versions of the H-146 programs that are more easily modified to account for future changes to either the variability levels or the total cost pool dollars? (For example, all variability figures and their cost pool names could be centrally located in one small data file, then the programs listed in part a of this interrogatory could pick up variabilities from the variability file.) If so, please provide those programs. If not, will all adjustments to the WGT variable for MODS offices and modifications to variability estimates be manually changed in the H-146 programs in the future? Please explain.

OCA/USPS-T12-59 Response.

- a. Confirmed.
- b. Confirmed.

**Response of United States Postal Service Witness Degen
to Interrogatories of the Office of the Consumer Advocate**

- c. Any output consisting of volume-variable mail processing costs would change if an alternate set of variability estimates to those estimated by witness Bradley were supplied. The affected pages of LR-H-146 are: II-22 to II-38, III-4 to III-18, V-7, V-15 to V-19, VI-5 to VI-19, and VII-3 to VII-8.
- d. The data provided in Table 5 of my testimony, USPS-T-12, is used as an input to witness Alexandrovich's calculations for cost segment 3.1. Please see my response to OCA/USPS-T12-35 for additional LR-H-146 outputs that serve as inputs to his calculations. Of these, I believe only the Table 5 data and the PREMITOT output are subject to change if alternate variability factors were substituted for those estimated by witness Bradley.
- e. There are no alternate versions of the programs. Obviously, the present coding of the LR-H-146 programs is not the only possible way to supply cost pool and variability data to the requisite programs. You could in principle modify the programs mentioned in part a to pick up the variability and cost pool amounts from a central file without materially altering their function. I do not know how the Postal Service plans to change the programs in the future.

Response of United States Postal Service Witness Degen
to Interrogatories of the Office of the Consumer Advocate

OCA/USPS-T12-60. Please refer to the response to DMA/USPS-T4-38. In this response, witness Moden states, "I am not aware of any operational data on automated, mechanized or manual volumes by sub-class but it is my understanding that such estimates could be derived from the In Office Cost System."

- a. Please explain how such volume estimates can be produced from the In Office Cost System.
- b. Please provide from the IOCS the estimates requested by DMA.
- c. Please list all other volume estimates that can be produced from the In Office Cost System.

OCA/USPS-T12-60 Response.

- a. Volume estimates cannot be derived directly from IOCS. As stated in my testimony, IOCS estimates "costs for time spent by various types of employees performing different functions." See USPS-T-12 at page 1. This implies that the IOCS based cost pool-specific distribution keys estimate the costs associated with proportions of time spent handling various subclasses of mail in each MODS cost pool (operation group). Assuming that the MODS operation group productivities do not vary much by subclass, then the distribution keys' proportions of cost can be interpreted as proportions of handlings. These cost pool-specific distribution keys can then be applied to an appropriate volume measure for the associated MODS operations (i.e., TPH) to compute one possible estimate of volume in the operation by subclass. The data to perform this exercise have already been provided. The cost pool-specific distribution keys may be found in Table 5, USPS-T-12, or Attachment 1

**Response of United States Postal Service Witness Degen
to Interrogatories of the Office of the Consumer Advocate**

to my response to OCA/USPS-T12-14. I provided FY 1996 MODS TPH

by cost pool in Attachment 1 to my response to OCA/USPS-T4-28.

Please note that since many cost pools do not have well-defined,

consistently measured volume or workload indicators, this exercise

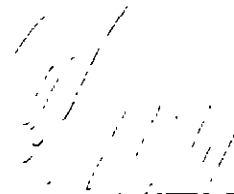
cannot be carried out for every cost pool.

b. Directions for the estimation procedure and citations to data sources are provided in my response to part a.

c. I am not aware of any volume estimates that can be derived from IOCS other than the type described in my response to part a.

DECLARATION

I, Carl G. Degen, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

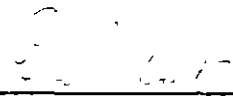


Carl G. Degen

Date: 7-2-17

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Eric P. Koetting

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September 25, 1997